

***United States Court of Appeals
for the Second Circuit***



**BRIEF FOR
APPELLEE**

76-7401

ORIGINAL

To be argued by

WALTER J. HOLZKA

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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CANADIAN TRANSPORT COMPANY, a division :
of MacMILLAN BLOEDEL (ALBERNI) LIMITED,

Plaintiff-Appellant

:

76/7401

v.

:

IRVING TRUST COMPANY,

:

Defendant-Appellee.

:

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BRIEF OF DEFENDANT - APPELLEE

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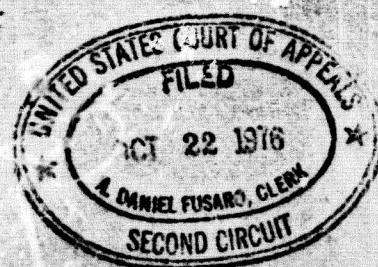


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UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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CANADIAN TRANSPORT COMPANY, a :
Division of MacMillan Bloedel :
(Alberni) Limited, :
Plaintiff-Appellant, :
-against- :
IRVING TRUST COMPANY, :
Defendant-Appellee. :
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The Issue for Review

Should defendant-appellee Irving Trust Company be preliminarily enjoined from paying a draft drawn on it under its irrevocable and confirmed letter of credit issued at plaintiff's instance in favor of the beneficiary, Lebanon Steel Mill Company, where the obligation of Irving to pay the draft arose out of plaintiff's instructions, erroneously or carelessly given to Irving, not to renew the credit, thus giving rise to the beneficiary's right to draw?

The Facts

The Irving Trust Company was requested by Mariner Shipping Agency of Piraeus, Greece to issue an irrevocable

letter of credit for the account of Saint Ioannis Shipping Limited in favor of Lebanon Steel Mill Company of Tripoli, Lebanon, in the amount of \$225,000, and to advise Lebanon Steel Mill Company of the issuance of the credit through Arab Bank Limited in Tripoli, Lebanon. (App. A 18, A 19)

In pursuance of its customer's request, Irving Trust Company on September 26, 1975 advised Arab Bank Limited by cable of the opening of its irrevocable credit No. 012556 in favor of Lebanon Steel Mill Company. (App. A 18, A 19)

On September 29, 1975 Arab Bank Limited advised Irving Trust Company that Lebanon Steel Mill Company wished Irving's irrevocable credit to be confirmed by Arab Bank Limited. Irving thereupon took up with its customer the question of confirmation of the credit by Arab Bank Limited. (App. A 19)

After receiving approval for such confirmation from its customer, on September 30, 1975 Irving Trust Company requested Arab Bank by cable to add its confirmation to Irving's irrevocable credit. (App. A 30)

Under this letter of credit Irving Trust Company engaged with Lebanon Steel Company that drafts drawn under and in compliance with the terms of the credit would be duly honored by it. (App. A 31)

Under the terms of the letter of credit, a draft was to be drawn on Irving Trust Company payable at sight, accompanied by a signed statement addressed to Irving Trust Company reading as follows:

"A declaration to be issued by the court in Lebanon concerning its judgment in the case of the damages alleged by the receivers to have been incurred in the alleged delay in the arrival by the ship FROSSO K, with an English language translation. Such translation must be certified true and correct and this certificate must be notarized.

or

"A settlement agreement signed by yourselves and Savon & Company Limited, P.O. Box 3056, Beirut, Lebanon acting as agents for the accountee agreeing to a settlement which will be duly notarized." (App. A 31)

The letter of credit also provided that "drafts must clearly specify the number of its credit and be negotiated solely through Arab Bank Limited, Tripoli, Lebanon, not later than September 24, 1976." (App. A 28)

It was also a condition of the credit that it "...shall be automatically extended for additional periods of one year from the present or any future expiration date unless we inform you via authenticated telex/cable or registered letter dispatched by us at least 30 days prior to the present or any future expiration date that we elect not to extend it and in the event we elect not to extend this credit for an additional period you may draw hereunder. Such drawing is to be made by means of a draft on us at sight which must be presented to us before the then existing expiration date of this letter of credit accompanied by your signed statement addressed to us reading as follows:

"We certify that the settlement of the damages we incurred has not been arrived at and this liability is still due to us. The proceeds of this draft will be retained and used by us to meet any payments which we may be required to make in the event our liability is satisfied, we will refund to you the amount of this drawing less any amounts paid." (App. A 27, A 28, A 31)

Thus, the expiration date of the letter was September 24, 1976, unless it was further extended under the automatic renewal provision. In no event, however, was the letter of credit to be valid beyond September 24, 1978. (App. A 31)

Irving Trust Company was secured for any payments that it might make under its letter of credit by the issuance in its favor of a letter of credit by Canadian Imperial Bank of Commerce. This letter of credit also contained a provision that it could be extended for additional periods of one year unless Irving was notified 60 days prior to any then existing expiration date of the non-extension of its letter of credit by Canadian Imperial Bank of Commerce.

(App. A 20, A 21)

On July 21, 1976 Canadian Imperial Bank of Commerce telegraphed Irving Trust Company that it had been instructed by its customer (the plaintiff-appellant) not to extend the expiration date of Canadian Imperial Bank of Commerce's letter of credit in favor of Irving Trust Company beyond

September 24, 1976. Irving Trust Company thereupon cabled Arab Bank Limited that it would not extend its credit No. 012556 in favor of Lebanon Steel Mill beyond September 24, 1976. (App. A 21, A 32, A 33)

On July 28, 1976 Irving Trust Company was informed orally by Canadian Imperial Bank of Commerce that its customer, appellant, had given it erroneous instructions not to extend the expiration date of its letter of credit in favor of Irving beyond September 24, 1976. It requested Irving Trust Company to advise Lebanon Steel Mill that it (Irving Trust Company) was withdrawing its earlier cabled advice that it would not extend its letter of credit in favor of Lebanon Steel Mill beyond September 24, 1976. Upon the receipt on July 29, 1976 of an authenticated telex from Canadian Imperial Bank of Commerce confirming the previous oral request, Irving Trust Company, on the same day, cabled Arab Bank Limited asking it to advise the beneficiary of the credit, Lebanon Steel Mill Company, that it (Irving Trust Company) was voiding its cable of July 21, 1976, and that it would extend the letter of credit until September 24, 1977. (App. A 21, A 22, A 34)

On August 2, 1976 Irving Trust Company received a cable sent on July 29, 1976 by Arab Bank Limited, which referred to Irving's cable of July 21, 1976 in which Irving

had notified Arab Bank Limited that it would not extend the letter of credit beyond September 24, 1976. This cable stated that since Irving had elected not to extend its letter of credit, a draft in the amount of \$225,000 accompanied by the signed statement required by the letter of credit was being sent to Irving Trust Company via registered air mail. (App. A 4)*

As stated above, the letter of credit provided that in the event Irving elected not to extend its letter of credit for any additional period beyond September 24, 1976, the beneficiary could draw under it by sight draft presented before the current expiration date (which in view of Irving's election not to renew, was September 24, 1976) accompanied by the following statement:

"We certify that the settlement of the damages we incurred has not been arrived at and this liability is still due us. The proceeds of this draft will be retained and used by us to meet any payment which we may be required to make. In the event our liability is satisfied we will refund to you the amount of this drawing less any amount paid."

* For convenient reference we have reproduced in this brief the Addenda to Appellant's brief.

That Arab Bank's cable of July 29, 1976, received by Irving on August 2, 1976 was sent before it had received Irving's so-called "voiding" cable of July 29, 1976 is established by the fact that in its cable of July 29, 1976 Arab Bank Limited requested credit to its account at Irving "value July 28," thus indicating that it had paid the beneficiary's draft on July 28, which was after Irving sent its "voiding" cable of July 29 (p. 5, supra) and by the further fact that the draft itself and the accompanying statement each bear date July 28, 1976. (A 22, A 24)

Irving Trust Company, of course, because of the stay herein, has not paid the draft. It believes, however, that the draft and the accompanying statement meet the requirements of the letter of credit.

POINT I

IRVING TRUST COMPANY IS REQUIRED
UNDER THE TERMS OF ITS LETTER OF
CREDIT TO PAY THE DRAFT DRAWN UNDER
IT WHICH HAS BEEN PRESENTED TO IT
FOR PAYMENT.

The appellant does not claim that the letter of

credit as opened by Irving Trust Company was not exactly as it requested. Neither does the appellant claim that it was the victim of any fraud practiced upon it by the beneficiary of the credit or anyone else. The appellant is asking this Court to restrain the payment of the draft solely because it alleges it erroneously set in motion the events which culminated in the beneficiary's right to draw in accordance with the terms of the credit.

This is unfortunate from the appellant's point of view. It seeks to avoid the effect of its error by asking this Court to stay Irving Trust Company from discharging its clear obligation under the letter of credit, thus visiting the result of its negligence on Irving Trust Company, the Arab Bank, and the beneficiary. However poor or unwise a bargain appellant may have made in its underlying agreement with Lebanon Steel Mill Company, that is something which does not concern the issuer of the letter of credit, and does not affect its liability to the beneficiary, or the confirming bank if the terms of the credit are complied with.

None of the reasons advanced by appellant warrant such a result.

- A. Irving's attempt to void its election to renew, made at appellant's request, did not affect the beneficiary's rights, or Irving's obligations under the letter of credit.

The letter of credit gave the beneficiary the right to draw if Irving did not renew it beyond September 24, 1976. Irving notified the beneficiary that it would not so renew. The letter of credit did not provide that the beneficiary's right to draw would be ineffective if Irving subsequently withdrew its election not to renew.

Appellant imports into the letter of credit a provision which is not there, namely, that the beneficiary should not have the right to draw upon Irving's notification that it would not renew if Irving thereafter changed its mind and elected to renew. No such provision is contained in the letter of credit.

The letter of credit plainly and unambiguously contains a statement of the events which give the beneficiary a right to draw under the credit in three distinct situations: (1) when a judgment of the Lebanese court has been made; (2) when settlement was entered into; and (3) when Irving has given notice that it elected not to renew the letter of credit. The third situation occurred. Hence the beneficiary's right to draw (the draft in all cases to be accompanied by the required document) cannot be defeated by importing into the letter of credit a provision which simply is not there.

Voss Brothers Manufacturing Co. v. Voss, 157 F.2d

263 (8th Cir. 1946), relied upon by appellant, is not in point. There a contract for the sale of stock provided that, if before its closing the buyer made a demand for a reduction in the purchase price of the stock, the sellers might accept the reduction, or they might reject it, and that if they rejected it the contract should be void. The trial court found the buyer did demand a reduction in price, and that the seller rejected it. The buyer then tendered the purchase price. The court said at 276:

"While the contract provided that the rejection by the appellees of a demand for reduction in price made by the buyer should nullify the contract, it contained no provisions that the withdrawal of such a demand, after rejection, should revive the contract. The withdrawal of the demand and the tender of performance by the appellant after the contract by its terms had ceased to exist obviously came too late." (Emphasis supplied.)

In Voss, as the court pointed out, there was no provision that the withdrawal of the demand for reduction in price after it was rejected should revive the contract. Similarly, in the case at bar, the letter of credit contains no provision that the beneficiary should lose its right to draw, which arose upon notification of Irving's election not to renew beyond September 24, 1976, if Irving should later withdraw that election. The beneficiary had an absolute right to draw under the plain terms of the letter of credit upon Irving's notification it would not renew it beyond September 24, 1976.

Appellant's contention that Irving's subsequent voiding of its prior notice of non-renewal of the credit reinstated the credit would constitute a modification of the terms of the credit as originally issued, and hence would require the consent of the beneficiary thereto. Article 3 of the Uniform Customs and Practice for Documentary Credits (1962 Revision), International Chamber of Commerce Brochure No. 222 [quoted in full in 82 Banking L.J. 1035 (1965)], under which the credit was issued, provides in part as follows:

"Such undertakings [irrevocable or confirmed credits] can neither be modified nor cancelled without the agreement of all concerned." (Emphasis supplied.)

Appellant makes much of the fact that the letter of credit involved in this action is not a letter of credit which was used as a means of providing for the payment of goods. It characterizes the letter of credit at bar as a "new breed" called a "guaranty letter of credit", and seems to suggest that such letters of credit are to be treated differently than letters of credit issued in connection with contracts for the sale of goods. Regardless of the purposes for which it was required by the parties to the underlying contract, the fact remains that it is a letter of credit and that it imposes an obligation upon the issuing bank to pay in accordance with its terms. It is the terms of the letter of credit which fix the issuing bank's obligation, regardless of the nature of the underlying contract.

In Fair Pavilions Inc. v. First Nat. City Bank,

19 N.Y.2d 512, 281 N.Y.S.2d 23 (1967), cited by appellant, the letter of credit was one of the "new breed," which had been issued for the purpose of securing payments which would fall due under a building construction contract to which the plaintiff and a French company were parties. A clause in the building contract provided for termination of the plaintiff's performance of the contract under certain circumstances. The French company furnished the plaintiff an irrevocable letter of credit issued by a New York bank guaranteeing certain of the installment payments to become due under a payment schedule contained in the building construction contract. The letter of credit, issued by the defendant, in paragraph 6 thereof, provided that it would be terminated and cancelled if, at least 10 days prior to any date for the availability of drawings under it, the bank received an affidavit to the effect that one or more of the events of default described in clause XV of the contract between the plaintiff and the French company had occurred. Clause XV of the building contract was thus expressly incorporated into the letter of credit. Such an affidavit was furnished to the bank in conclusory form, stating that "one or more of the events described in clause XV . . . have occurred." The particular event claimed to have occurred was not

identified, although clause XV of the contract which was incorporated in the letter of credit by reference in paragraph 6, contained four specific causes for the termination of the contract.

The court held that, because of the reference in paragraph 6 of the letter of credit to the cancellation provision referred to in clause XV of the construction contract between the parties, the affidavit furnished to the bank to meet the terms of its letter of credit should set forth the specific defaults of the plaintiff, and not merely allege in conclusory form that an event referred to in clause XV had occurred. No different rule of law, however, respecting the obligation of a bank to pay under a letter of credit was enunciated in that case. The court said, at 516:

"An issuing bank is required to pay or is exonerated from paying on a letter of credit according to whether the documents presented to it conform to what is required by the letter. *Laudisi v. American Exch. Nat. Bank*, 239 N.Y. 234, 146 N.E. 347; *O'Mera Co. v. National Park Bank*, 239 N.Y. 386, 146 N.E. 636, 39 A.L.R. 747."

The court continued at 516-17:

"Respondent bank was not obliged at its peril to determine the truth or the falsity of the affidavit from Willard if the affidavit was sufficient to comply with the requirement of paragraph 6 of the letter of credit and clause XV of the building contract between the plaintiff and Exhibitions, which is made, by reference, part of the letter of credit. * * * (Emphasis supplied.)

Thus, it is clear that no different rule is applicable to the "new breed" of letters of credit than is applicable to a letter of credit given as a device to insure the payment of goods under a contract for their sale and purchase.

In the case at bar there is nothing in the terms of the letter of credit making the underlying contract terms part of the letter of credit, as in Fair Pavilions Inc. v. First Nat. City Bank, supra. The contract between appellant and Lebanon Steel Mill, or its provisions, is not mentioned.

B. The provisions of the letter of credit permitting payment to Lebanon Steel Mill in the event the credit was not renewed do not constitute a penalty.

No authority is cited for appellant's contention that the amount of the letter of credit constitutes a penalty. Appellant again ignores the fact that the bank's obligation is to be found in the letter of credit and not in the underlying situation between the parties. The sum of \$225,000 which the parties evidently agreed should be the amount of the letter of credit, must represent some concurrence on their part that that sum bore a reasonable relationship to the damages claimed by Lebanon Steel Mill and the amount which might ultimately be payable. It overlooks also that under the provisions of the letter of credit, if the beneficiary drew upon Irving's election not to extend beyond

September 24, 1976, the required statement accompanying the draft provided that

"* * * the proceeds of this draft will be retained and used by us to meet any payments which we may be required to make. In the event our liability is satisfied we will refund to you the amount of this drawing less any amount paid."

This can only mean that, upon receiving satisfaction for its alleged damages either by judgment or settlement, any difference between the amount of the payment and the amount of damages as finally determined or settled would be repaid to Irving Trust Company for the account party. Whatever the situation may be with respect to the amount of damages or the settlement between appellant and the beneficiary, the fact remains that the letter of credit contains a specific event upon which Irving must pay in the event of the election not to renew the credit.

Whatever quarrels there may be between the parties to the underlying contract, the bank's obligation to pay is found in the terms of the letter of credit. Whether in an action between the parties on the underlying contract, \$225,000 would be held to be damages or penalty has no bearing on the bank's obligation to pay under the letter of credit if the terms are met. If in fact the sum named in the credit constituted a penalty, the article quoted by appellant, Recent

Extensions in the Use of Commercial Letters of Credit,

66 Yale L.J. 902, 918 (1957) suggests appellant's remedy.

The author states:

"* * * Moreover, the customer might sue the beneficiary to recover sums which the bank had paid, alleging that no breach had occurred or, if there were a breach, that the amount collected from the bank far exceeded actual damage."

If in connection with a so-called "guaranty letter of credit" a different rule of the bank's obligation were to be adopted, a fertile field for fraud would be created. A party to the underlying contract which had obtained a letter of credit indemnifying the other party for damages in the event of a breach of the contract need only run to the bank and claim that the letter of credit should be paid only at the bank's peril, although the credit terms were met, because the amount of the credit represented a penalty rather than damages for the breach of the underlying contract.

For a bank to refuse to pay under a conforming credit on such a claim would seriously undermine the use of the letter of credit as a means of financing international trade. The increasing use of letters of credit given to secure performances by American companies in foreign countries of all kinds of contracts, other than for the importation of goods, constitutes a large portion of international trade.

No different rule of law should be applied to letters of credit given for such purposes than applies to a letter of credit given to finance the importation of goods. As stated in Harfield, Bank Credits and Acceptances (5th ed. 1974) at 166:

"The historical confinement of the use of acceptances and letters of credit to financing the movement of goods is, in short, neither required by law nor justified in the exigencies of a modern economy. To approach the matter from a different aspect, what has proved useful as a means of financing tangibles is equally useful to finance intangibles * * *."

The expansion of the financing function of letters of credit has been recognized by the courts. In Wichita Eagle & Beacon Publishing Co., Inc. v. Pacific National Bank of S.F., 343 F. Supp. 332 (N.D. Cal. 1971), it was contended by the bank that an instrument it had issued was not a letter of credit but instead was a performance bond, security agreement or some other type of guaranty. The court dismissed this contention saying at 338:

"* * * the bank's approach is, however, too parochial and exalts formalism over commercial reality and usage."

The court also said:

"One of the reasons behind the growth and spread of the letter of credit as a commercial tool has been the willingness of the courts to align case law with progressive and current commercial practice. The very type of letter of credit being questioned here by the bank as a radical departure from traditional usage is but another example of the commercial community pouring old wines into new flasks."

That the duty of a bank to pay under a letter of credit is not limited to contracts for the sale of goods is shown by the provisions of the Uniform Commercial Code § 5-114 where it is provided, in subdivision (1) thereof:

"An issuer must honor a draft or demand for payment which complies with the terms of the relevant credit regardless of whether the goods or documents conform to the underlying contract for sale or other contract between the customer and the beneficiary * * *"
(Emphasis supplied.)

The Uniform Commercial Code § 5-114(2) even provides that a bank ~~must~~ honor a draft when the documents on their face comply with the terms of the credit even though a required document is forged or fraudulent or there is fraud in the underlying transaction, if honor of the draft is demanded by a negotiating bank or other holder in due course. It is provided in the same subsection that in all other cases as against its customer the issuer of the letter of credit, acting in good faith, may honor the draft or demand for payment despite notification from the customer of fraud, forgery or other defect not apparent on the face of the documents, but a court of appropriate jurisdiction may enjoin such honor.

The appellant does not claim fraud, it does not claim forgery of the draft or certificates accompanying the draft, nor that there is any defect not appearing on the

face of the documents. Even if its claim that the sum of the credit would be a penalty under the terms of the underlying contract had any validity, that would avail appellant nothing, because the draft is presented for payment not by the beneficiary, but by the Arab Bank to whom the draft is payable and which confirmed the credit and paid the draft.

The rules expressed in the Uniform Commercial Code § 5-114 are not new. In the case of Sztejn v. J. Henry Schroder Banking Corporation et al., 177 Misc. 719, 31 N.Y.S.2d 631 (1941), the court enjoined, on the application of the issuing bank itself, payment of drafts drawn under its letter of credit where the seller had fraudulently shipped worthless goods rather than the goods called for by the contract of sale between the parties. Payment of the drafts was enjoined because they were presented not by a holder in due course but by a bank which was acting only as collecting agent for the seller and hence, as the court said, stood in the same position as the fraudulent seller.

C. The letter of credit is not ultra vires under New York law.

Appellant suggests that under a recent decision of the United States District Court of New Jersey, National Surety Corporation v. The Midland Bank & Trust Company, 408 F. Supp.

684 (1976), the letter of credit involved in the case at bar may be ultra vires. That case held that a letter of credit containing a clause automatically renewing it from year to year, was void under the provisions of the New Jersey Banking Law.

The case is presently under appeal to the Court of Appeals for the Third Circuit.

In that case the court examined the powers given to New Jersey banks by the New Jersey statute (N.J.S.A. 17:9 A 25(3)). Among them was the power "to issue letters of credit authorizing holders thereof to draw drafts upon it or upon its correspondents at sight or on time not exceeding one year." The court held that the phrase "on time not exceeding one year" related not only to a time draft as distinguished from a sight draft drawn under the letter of credit, but to the period beyond which the letter of credit itself might not be validly issued.

However, the court states, at 686, in footnote 2 to its opinion:

"* * * the court need not and does not now decide that the letters of credit could not have been the foundation of rights if drafts had been drawn under them less than a year from the respective dates of issuance. It may well be that in a suit by a beneficiary of a letter of credit the purpose of the statute is satisfied by treating a letter of credit written for longer than a year as void and unenforceable only as to drafts drawn after a year has passed." (Emphasis supplied.)

In the case at bar, the letter of credit was opened on September 29, 1975. The draft was drawn on July 28, 1976. It is very likely, in view of the court's comment in footnote 2 that, if the action there involved had been brought on drafts which had been drawn within a year from the issuance of the letter of credit, recovery on them would have been allowed.

The New Jersey District Court was influenced in construing the New Jersey statute as it did by the interpretation placed upon it by the New Jersey Banking Department, which, at 691, the court said it deemed significant.

The New York State Banking Department does not construe § 96(2) of the New York Banking Law, which is somewhat similar to the New Jersey Banking Law as the New Jersey Banking Department construes the New Jersey statute. In a letter dated July 30, 1976, which is appended hereto as Annex A, the Banking Department states that, under its interpretation of § 96(2) of the New York Banking Law empowering banks to accept for payment at a future date drafts drawn upon it by its customers and to issue letters of credit authorizing the holders thereof to draw drafts upon it or its correspondents at sight or "on time not exceeding one year"

"The New York State Banking Department has consistently maintained that the legislature intended the one year limitation found in Section 96(2) to apply only to the term of drafts drawn pursuant to the letter of credit and not to the duration of the letter of credit itself."

D. There is no question that Arab Bank is a confirming bank.

Appellant complains that there is no documentary evidence that Arab Bank ever actually added its confirmation to the letter of credit or, if it did, in what precise terms it did so. It will be recalled that when Irving Trust Company by its cable of September 25, 1975 requested Arab Bank to advise Lebanon Steel Mill that Irving had opened its irrevocable credit in their favor (App. A 28), Arab Bank advised Irving by cable that Lebanon Steel Mill wished the credit to be amended so that it should be confirmed by Arab Bank Limited (App. A 19), and after taking up the requested amendment in this respect with its customer who agreed thereto, Irving Trust Company confirmed the requested amendment by cable to Arab Bank Limited dated September 30, 1975 (App. A 20, A 30). In that latter cable Irving Trust requested Arab Bank to "please add your confirmation to our credit 012556."

It is specious to argue as appellant does, in light of common sense and ordinary banking practice, that Arab Bank did not confirm the letter of credit in view of Irving's request that it do so and the fact that Lebanon Steel Mill wanted such a confirmation from Arab Bank. Furthermore, the draft (Add. 22) states "this amount is negotiated under your LC No. 012556 and as per credit terms", and the letter of Arab Bank enclosing the draft and statement (Add. 21) dated July 28, 1976 requests credit in the amount of the draft "value 28.7.76, to our Beirut

branch account maintained with your good selves." It is therefore apparent that not only did Arab Bank under ordinary banking practice confirm Irving's letter of credit to Lebanon Steel Mill when it was authorized to do so by Irving, but that it paid the draft Lebanon Steel Mill presented to it as the letter of credit provided.

Article 3 of the Uniform Customs and Practices for Documentary Credits, supra, under which the credit is issued, provides that a confirmation by an advising bank of an irrevocable letter of credit issued by another bank constitutes a definite undertaking that the provisions for payment will be fulfilled, or "****in the case of a credit available by negotiation of drafts, that the confirming bank will negotiate drafts without recourse of the drawer." In the confirmed letter of credit in the case at bar it was provided that drafts must be presented to Arab Bank, Limited, Tripoli, Lebanon. Since the draft was negotiated to the confirming bank, the confirming bank took it without any recourse against the drawer.

E. The documents accompanying the draft complied with the terms of the letter of credit.

In Point II of its brief, at page 28, appellant suggests that there are two alleged discrepancies between the documents presented and those specified in the letter of credit. One is that the draft is signed by a company

in a style different than the name of the beneficiary as set forth in the letter of credit, the draft being signed "Lebanon Steel Mill Co. S.A.L." rather than "Lebanon Steel Mill Co." as stated in the letter of credit. The words "Tripoli Lebanon" appearing after Lebanon Steel Mill Co. in the letter of credit obviously are not part of the beneficiary's name but only a statement of its address. The so-called discrepancy comes down to the addition of the letters "S.A.L." after Lebanon Steel Mill Co. on the draft. This is obviously some kind of a designation indicative of the legal character of Lebanon Steel Mill Co., such as "S.A." in the name of a French or Spanish company.

Appellant does not suggest that "Lebanon Steel Mill Co. S.A.L." and "Lebanon Steel Mill Co." are not one and the same entity or that Lebanon Steel Mill Co. S.A.L. was not the intended beneficiary of the credit.

In Bank of New York and Trust Company v. Atterbury Brothers, Inc., 226 App. Div. 117 (1st Dep't 1929), in which the plaintiff bank sought to recover reimbursement for the payment by it of drafts drawn and paid its letter of credit against the defendant for whose account

the letters of credit had been opened. The drafts were drawn by "A. James Brown" and the shipping documents named "A. James Brown" as shipper. The letter of credit required the drafts to be drawn by "Arthur James Brown." It was conceded, however, that the person who signed "A. James Brown" was the identical person intended by both the plaintiff and the defendant. The defendant claimed that this discrepancy exonerated it from liability to the plaintiff bank. The court dismissed this contention, saying at 119-120:

"* * * By paying upon documents signed A. James Brown the bank may have taken the risk that it was paying some person other than the Arthur James Brown intended. If that had happened, the loss might fall on the bank. But it did not happen. In this respect the bank was safe because it discharged its obligation to pay to the identical person for whose benefit the letter of credit was issued. (Basse v. Bank of Australasia, 90 L. T. R. 618 [1904]; Graves v. American Exchange Bank, 17 N.Y. 205; Krakauer v. Chapman, 16 App. Div. 115; affd., 162 N.Y. 623.)"

Appellant does not even suggest that "Lebanon Steel Mill Co. S.A.L." was not the intended beneficiary to which payment was to be made under the letter of credit.

Appellant's second alleged discrepancy is that the statement accompanying the draft omits the word "we"

between the words "damages" and "incurred". The letter of credit provided that the statement should read "We certify that the settlement of the damages we incurred has not been arrived at and that this liability is still due to us." The certificate states: "We certify that the settlement of the damages incurred has not been arrived at and this liability is still due to us."

It is plain from a reading of the letter of credit as a whole that the only damages referred to therein were damages incurred by Lebanon Steel Mill. Thus, if there had been a judgment with respect to the damages, a declaration issued by the court in Lebanon concerning its judgment as to the damages alleged to have been incurred was to accompany the draft. If there was a settlement of the damages, the draft was to be accompanied by a settlement agreement executed by Lebanon Steel Mill and L. Savon & Company as the agents for the accountee (Saint Ionnais Shipping Limited).

There is thus no doubt that the damages referred to in the certificate accompanying the draft are damages incurred by the beneficiary of the credit and no one else.

This conclusion is reinforced by the further language of the required certificate that "this liability is still due to us." The use of the pronoun "us" therefore establishes that the damages referred to are damages incurred by Lebanon Steel Mill, and the omission of the work "we" between the words "damages" and "incurred" is of no practical consequence. The whole subject of the letter of credit has to do with damages claimed to have been suffered by no one other than Lebanon Steel Mill Co.

The fancied ambiguity appellant finds in the portion of the statement accompanying the draft which says "The proceeds of this draft will be retained and used by us to make any payments which we may be required to make" obviously refers to payments the beneficiary will be required to make to itself out of the proceeds of the draft in the event of a judgment in its favor or a settlement of its claim. For, in the very next sentence, the statement says: "In the event our liability is satisfied, we will refund to you the amount of this drawing less any amounts paid."

The basis for the dire consequences flowing from this alleged non-compliance by the beneficiary with the terms of the credit are found in the sweeping statement

in the opinion in the case of Equitable Trust Co. of New York v. Dawson Partners, Ltd., 27 Lloyd's List L.R. 49 (H.L. 1926) in which it was stated:

"There is no room for documents which are almost the same or which will do just as well."

That remark was justified in that case, which involved a gross fraud on the part of a seller who had undertaken with the buyer to sell and ship vanilla beans certified by the Dutch government to be "sound and sweet and prime quality." The seller, however, shipped cases of old iron, wood and rubbish with a coating or covering of about one percent vanilla beans. Originally the parties had agreed that the Dutch government was to certify that the goods were sound and sweet and prime quality. Because the Dutch government did not issue such certificates, the buyer and seller agreed to substitute for the Dutch government a "certificate of quality to be issued by experts who are sworn brokers." When the draft was presented it was accompanied by the certificate of only one expert who was a sworn broker. The court simply held that the certificate of one expert, was not the certificate of more than one expert and took the position that since the

plural number was deliberatively used in the letter of credit, the certificate of only one expert would not do, and the buyer could not obtain the guarantee.

As one of the judges put it at 53:

"* * * A certificate of experts may, I suppose, be any number from two to infinity, but it cannot be satisfied by the certificate of one expert only."

The broad statement from Equitable Trust v. Dawson Partners, Ltd., supra, cited by appellant at pages 28 and 29 of its brief, does not mean however that the words of a letter of credit may not be departed from by one jot or tittle.

Thus, in Bank of New York and Trust Company v. Atterbury Brothers, Inc., supra, the letter of credit was to be signed by "Arthur James Brown". Yet the court held that, since there had in fact been no difference in identity, a draft signed by "A. James Brown" was sufficient. In the same case it appeared that the letter of credit specified that documents must be presented with the draft covering shipment of "casein", whereas the documents presented described the goods as "unground casein." The court held that all the authorities relied upon by the defendant to establish this was a fatal variance and were applicable only to cases where a specified quality of a commodity was required by the letter of credit,

and the shipping document named the commodity generally without limitation to the specified quality, and said at 120:

* * * They do not hold that a bank is under a greater obligation than to secure bills of lading for merchandise described in such a manner as reasonable to bring it within the connotation of the description contained in the letter of credit."

While the letter of credit the court was considering was related to a contract for the sale of goods. the statement presented to Arab Bank by Lebanon Steel Mill Co., despite the omission of the word "we" between the words "damages" and "incurred", brings that statement within the connotation of the description of the required statement contained in the letter of credit in the case at bar.

POINT II

LEBANON STEEL MILL AS BENEFICIARY OF CREDIT AND ARAB BANK LIMITED AS THE BANK WHICH CONFIRMED IT ARE INDISPENSABLE PARTIES FOR A JUST ADJUDICATION OF THE ISSUES RAISED BY PLAINTIFFS AND THEIR ABSENCE REQUIRES DISMISSAL UNDER RULE 19 OF THE FEDERAL RULES OF CIVIL PROCEDURE.

Subdivisions (a) and (b) of Rule 19 of the Federal Rules of Civil Procedure provide in part:

"(a) Persons to be Joined if Feasible. A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in his absence complete relief cannot be accorded among those already parties, or (2) he claims an interest relating to the subject of the action and is so situated that the disposition of the action in his absence may (i) as a practical matter impair or impede his ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of his claimed interest. * * *"

"(b) Determination by Court Whenever Joinder not Feasible. If a person as described in subdivision (a) (1)-(2) hereof cannot be made a party, the court shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. * * *"

Neither Arab Bank nor Lebanon Steel are amenable to service of process, and joinder of either or both of these parties would destroy requisite diversity between the parties to the action, thereby defeating subject matter jurisdiction. It is therefore necessary that the provisions of Rule 19(b) be applied to the matter at bar.

Arab Bank and Lebanon Steel are persons needed for a just adjudication within the meaning of Rule 19(a)(2) who cannot be made parties to the action. Arab Bank has claimed an interest in the subject of the action. If a temporary injunction should issue, preventing payment of the draft, the

rights of Arab Bank and of Lebanon Steel, the beneficiary, would be affected without any opportunity afforded them to resist such impairment of their rights.

The court, in determining whether in equity and good conscience the action should be dismissed for want of an indispensable party, has been provided with guidelines which are set forth in Rule 19(b). Among the factors to be considered by the court is the extent to which a judgment rendered in the person's absence might be prejudicial to him or those already parties. As stated above, prejudice would be suffered by both the Arab Bank and Lebanon Steel if an injunction should issue. Also to be considered under Rule 19(b) is whether the plaintiff will have an adequate remedy if the action is dismissed.

Appellant acknowledges that if Irving Trust Company pays the draft, the latter will be subject to an action by it for any damages flowing from the payment. Its only contention is that it would be required to meet a different standard of proof in its action against Irving after Irving had paid the draft. This suggestion is without substance.

Firstly, if the injunction is dissolved and Irving pays, it will be paying after full knowledge of the claims the plaintiff asserts, so that a determination of Irving's liability for having paid the draft will be made on the basis that Irving was fully apprised of all the plaintiff's claims before making payment.

Secondly, there is nothing said in Banco Espanol de Credito v. State Street Bank and Trust Company, 385 F.2d 230 (1st Cir. 1967), relied on by appellant to the contrary. In that case, no question of ambiguity was involved. Significantly, the court said, at 237, that if there was an ambiguity in the letter of credit, it would, "like the court in Fair Pavilions * * * take the words as strongly against the issuer as a reasonable reading will justify".

The terms of the letter of credit in the case at bar are plain and unambiguous. The only question which arises is the construction of these unambiguous terms. That being so, there would be no question of ambiguity in the language but solely a construction of the terms of the letter of credit.

In West, Weir & Bartel, Inc. v. Mary Carter Paint Co., 25 N.Y. 535 (1969), the court said at 540:

"* * * The rule in this state is well settled that the construction of a plain and unambiguous contract is for the court to pass on, and that circumstances extrinsic to the agreement will not be considered when the intention of the parties can be gathered from the instrument itself. (See Bethlehem Steel Co. v. Turner, 2 N.Y.2d 456, 459; Heller & Henretig, Inc. v. 3620-168th St., 302 N.Y. 326; Johnson v. Western Union Tel. Co., 293 N.Y. 379, 387.)"

Therefore, plaintiff is not without an adequate remedy at law for damages if its action for an injunction is dismissed.

Given the clear and pronounced interests of Arab Bank and Lebanon Steel in the outcome of this action, they are indispensable parties to the action and in their absence, equity and good conscience call for dismissal of the action.

POINT III

THE PAYMENT OF THE PROCEEDS OF THE LETTER OF CREDIT TO THE BENEFICIARY BY ARAB BANK WARRANTS A DENIAL OF APPLICANT'S APPLICATION FOR A PRELIMINARY INJUNCTION.

As noted in the statement of facts, Irving Trust Company cabled notice of its election not to renew the credit on July 21, 1976. On July 29, 1976, Irving, at appellant's behest, cabled Arab Bank that it was withdrawing the election not to renew stated in its cable of July 21, 1976.

By this time, however, the draft had been paid by Arab Bank. It was not until July 25, 1976 that Arab Bank, Tripoli, received Irving's "election not to extend" cable of July 21, 1976 from its Amman office (Add. 21). The draft (Add. 22) is dated July 28, 1976. The statement accompanying the draft is dated July 28, 1976 (Add. 24). So also is the letter of Arab Bank enclosing the draft and the statement (Add. 21).

In this connection, it is important to note that Irving's cable of July 29, 1976 in which it attempted to void its election not to renew was sent after the draft was drawn, presented and paid on July 28. Indeed, the draft was paid on the very day appellant seems to have awakened to its error.

There can be no possible doubt in view of this time sequence that upon the receipt of the cable by Arab Bank in Tripoli on July 25, 1976 of Irving's cable that it elected not to renew the letter of credit, the beneficiary drew and presented the draft, and Arab Bank paid it, on July 28, 1976.

This time sequence is also a complete answer to the suggestion in Point III of appellant's brief that Arab Bank may have paid the draft after it was on notice of the restraining order issued by this Court as of August 23, 1976. It also demonstrates that the draft had been presented and paid even before the temporary restraining order made by Judge Goettel on August 11, 1976 contained in the order to show cause initiating this proceeding.

POINT IV

THE DENIAL TO APPELLANT OF A PRELIMINARY INJUNCTION RESTRAINING PAYMENT BY IRVING OF THE DRAFT DRAWN UNDER ITS LETTER OF CREDIT DOES NOT LEAVE APPELLANT WITHOUT REMEDY BUT RATHER WORKS A HARSHIP ON IRVING TRUST COMPANY.

If there was ever a case, to which the old maxim that where one of several innocent parties must suffer a loss

it must fall upon him whose act most contributed to the loss, is applicable, it is this case.

Appellant got the letter of credit on the terms requested. Arab Bank, with plaintiff's consent, confirmed the letter of credit. The beneficiary drew a draft under the letter of credit precisely as it gave it the right to do in the event Irving Trust Company notified it of its election not to renew the credit. Appellant freed the vessel in which it had an interest by use of the letter of credit.

Irving Trust Company acting on the instructions, which appellant now states it gave in error, acted strictly in accordance with the terms of the letter of credit by giving notice that it would not renew. Thereupon, the beneficiary became entitled to draw.

As a consequence of the plaintiff's own deliberate act Irving now finds itself obligated to pay the draft drawn under the letter of credit which was negotiated to Arab Bank as paying and confirming bank. If there is any ultimate injury to the plaintiff, it will be the result of its own act and not anyone else's.

The ultimate question in this case is whether Irving Trust Company will be obligated in damages to the appellant if it is permitted to pay Arab Bank and that payment should later be held to be wrongful. The reasons which appellant advances

in support of its application to an action for an injunction would give rise at law for damages. Appellant, therefore, has an adequate remedy at law.

The only effect of a temporary injunction pending a trial of this case would be to delay final determination indefinitely--perhaps even until after September 24, 1978 when the letter of credit would finally expire thus depriving Lebanon Steel of the protection of the letter of credit. Appellant states at page 32 of its brief that the present civil disruption in Lebanon probably explains why Lebanon Steel has insisted on drawing under the letter of credit rather than agreeing to its reinstatement on its original terms for another year, and that the prospect of obtaining the proceeds of the credit without being obliged to prosecute its case in Lebanon must seem very attractive to Lebanon Steel.

With equal charity Lebanon Steel and Arab Bank if they were parties to this action might reply by suggesting that the same reasons make it attractive to appellant to stay payment under the letter of credit until it would finally expire before conditions in Lebanon made it possible for Lebanon Steel to proceed in the Lebanese courts or by settlement, to fix its damages.

Appellant states that harm to Irving is "at its worst, minimal." That is not so. It faces the possibility of suit here by Arab Bank and the beneficiary if the letter of credit is not paid, to say nothing of the adverse business effects which might result from the dishonor of the draft.

Irving Trust Company should be permitted to honor its letter of credit by paying the draft drawn, negotiated and paid under it by the confirming bank. If that payment is wrongful the payment by Irving of the draft makes Irving answerable to appellant in damages. Consequently, appellant will not be irreparably damaged if the order denying its application for a preliminary injunction is affirmed.

Conclusion

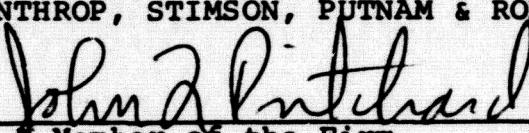
The order denying appellant's application for a preliminary injunction should be affirmed.

Dated: October 21, 1976

Respectfully submitted,

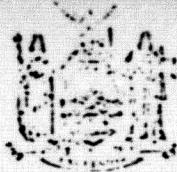
WINTHROP, STIMSON, PUTNAM & ROBERTS

By


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Walter J. Holzka

Of Counsel



STATE OF NEW YORK
BANKING DEPARTMENT
TWO WORLD TRADE CENTER
NEW YORK, N.Y. 10047

John G. Hermann
S. 77-10000

July 30, 1976

Henry Harfield, Esq.
Shearman & Sterling
53 Wall Street
New York, New York 10005

Dear Mr. Harfield:

I am responding to your letter of July 28, 1976, in which you request the Banking Department's interpretation of Section 96(2) of the Banking Law.

Section 96 enumerates the powers of State-chartered banks and trust companies. These include the power

"To accept for payment at a future date, drafts drawn upon it by its customers and to issue letters of credit authorizing the holders thereof to draw drafts upon it or its correspondents at sight or on time not exceeding one year." (Section 96(2).)

The New York State Banking Department has consistently maintained that the Legislature intended the one-year limitation found in Section 96(2) to apply only to the term of drafts drawn pursuant to a letter of credit and not to the duration of the letter of credit itself.

In passing, I would also note that the Banking Department believes, as a matter of policy, that the reasonableness of the duration of a letter of credit should be judged by the nature of the underlying transaction secured by the letter of credit. Accordingly, the Department's examiners, as a part of

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Henry Batfield, Esq.

-2-

July 30, 1976

the overall process of bank examination, evaluate the reasonableness of the duration of letters of credit on a case-by-case basis.

Very truly yours,

Patricia S. Skigen

Patricia S. Skigen
Deputy Superintendent & Counsel

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REPRODUCTION OF ADDENDA TO
APPELLANT'S BRIEF

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

CANADIAN TRANSPORT COMPANY, a division of :
MacMILLAN BLOEDEL (ALBERNI) LIMITED,

AFFIDAVIT

Plaintiff-Appellant, :

Docket No. 76-7401

-against-

IRVING TRUST COMPANY, :

Defendant-Appellee. :

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

HERBERT D. ZORN, being duly sworn, deposes and
says:

1. I am an Assistant Secretary of Irving Trust Company ("Irving"), the defendant-appellee herein, and I make this affidavit in opposition to plaintiff-appellant's motion for a stay pending an appeal.

2. Annexed hereto as exhibits are copies of cables received and sent by Irving since the submission of this matter to the District Court on plaintiff-appellant's application for a preliminary injunction.

Add 1

Exhibit A - cable from Arab Bank Limited to Irving dated July 29, 1976; received by Irving, August 2, 1976.

Exhibit B - cable from Irving to Mariners Shipping Agency and Arab Bank Limited, dated August 2, 1976.

Exhibit C - cable from Irving to Arab Bank Limited, dated August 11, 1976.

Exhibit D - cable from Irving to Arab Bank Limited, dated August 12, 1976.

Exhibit E - cable from Irving to Arab Bank Limited, dated August 18, 1976.

Exhibit F - cable from Irving to Arab Bank Limited, Amman, Jordan, dated August 18, 1976.

Exhibit G - cable from Irving to Arab Bank Limited, Amman, Jordan and Arab Bank Limited, Tripoli, Lebanon, dated August 19, 1976.

Exhibit H - cable from Arab Bank Limited, Amman, Jordan, to Irving, dated August 19, 1976.

Exhibit I - cable from Irving to Arab Bank Limited, Amman, Jordan, dated August 23, 1976.

Exhibit J - cable from Arab Bank Limited, Amman, Jordan, to Irving, dated August 23, 1976.

Exhibit K - cable from Irving to Arab Bank Limited, Amman, Jordan, dated August 26, 1976.

Exhibit L - cable from Arab Bank Limited, Amman,
Jordan, to Irving, dated September 5, 1976.

Exhibit M - cable from Arab Bank Limited, Amman,
Jordan, to Irving, dated September 7, 1976.

3. Also annexed hereto as Exhibit N is the draft
of Lebanon Steel Mill Company drawn on Irving under letter
of credit Number 012556 payable to Arab Bank Limited, to-
gether with the endorsement of Arab Bank Limited on the
draft and a statement accompanying the draft.

H. D. Zorn
Herbert D. Zorn

Sworn to before me this
9th day of September, 1976.

James J. Leonard
Notary Public

JAMES J. LEONARD
Notary Public, State of New York
No. 24-2312405
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1977

FROM ARAB BANK LTD.

TRIPOLI

JULY 29- AUG 2 76LM

NUUN ✓

ZCZC ITC025 UW288 SYA650 230

UWNY CO SYDX 083

TRIPOLI VIA HOMS SYRIA 83/80 29 1030

192535

98396

IRVINGBANK
NEWYORK

LEBANON

225000

Import

9/27/76

ARAB BANK LTD.
533 TESTED BY BANKARABI TRIPOLI LEBANON STOP YOUR CABLE 21 JULY
ARAB BANK LTD.
TO BANKARABI AMMAN REYOUR L/C 012556. STOP AS YOU ELECTED NOT
TO EXTEND L/C PLEASE CREDIT DOLLARS 225000 VALUE 28TH INSTANT
TO OUR BEIRUT ACCOUNT WITH YOU STOP DRAFT FOR THIS AMOUNT
ACCOMPANIED BY SIGNED STATEMENT AS PER CREDIT TERMS IS BEING SENT
TO YOU VIA REGISTERED AIRMAIL STOP CABLE ADVICE US AT OUR
ADDRESS BANKARABI TRIPOLI LEBANON VIA HOMS SYRIA

IC WAC S LII S Jn

COL 533 21 012556 225000 28TH

pt

THIS SPACE IF THE MESSAGE IS
NOT PROPERLY AUTHENTICATED

BEST COPY AVAILABLE

EXHIBIT A

Add 4

OFFICE NATH L/C 012556	DEPARTMENT NAME AND EXPENSE NUMBER L/C ISSUING 7462	DATE 8/2/74
---------------------------	--	----------------

MARINER'S SHIPPING AGENCY
55-55 AKTI NIADOLI
PIRAEUS GREECE

<input type="checkbox"/> CHARGED ACCOUNT	<input type="checkbox"/> We have deducted the cost of this cable from the proceeds of payment.
<input type="checkbox"/> BILLED CUSTOMER	
ACCOUNT NUMBER 72-013-134	

FOR
MESSAGE
TO

ARAB BANK LTD
TRIPOLI LIBANON
VIA HOMS SYRIA

TELE NUMBER

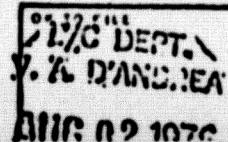
YOURS JULY 29 RECEIVED AUGUST 2 RE OUR L/C 012556 STOP
REFER OUR MESSAGE JULY 29 TO YOUR AMMAN JORDAN READING
QUOTE PLEASE CONVEY FOLLOWING TO RESPONSIBLE AREA HOW
HANDLING BUSINESS YOUR TRIPOLI LEBANON OFFICE READING
QUOTE REFER OUR L/C 012556 AND OUR CABLE JULY 21 FOR
\$225,000.00 FAVOR LEBANON STEEL MILL STOP OUR CREDIT
AMENDED DRAFTS MUST NOW BE PRESENTED TO US NOT LATER
THAN SEPTEMBER 24 1977 STOP ACCORDINGLY PLEASE VOID
OUR MESSAGE OF JULY 21 1976 ADVISING EXPIRY DATE OUR
CREDIT SEPTEMBER 24 1976 AND ALL TERMS AND CONDITIONS
UNCHANGED UNQUOTE AS WELL OUR REGISTERED LETTER SAME
DATE UNDER REGISTRY NUMBER 121-356 ALSO SENT TO YOUR
AMMAN HEAD OFFICE STOP ACCORDINGLY PLEASE ADVISE IF

BEST COPY AVAILABLE

YOU NOW WISH TO WITHDRAW YOUR REQUEST FOR PAYMENT STOP
TERMS CREDIT NOT COMPLIED WITH AND
ADDITIONALLY/CREDIT DOES NOT ALLOW FOR CABLE REIMBURSE-
MENT AND AS SUCH YOUR DRAWING DOES NOT COMPLY WITH CREDIT

-MORE-

EXHIBIT B



ORIGINATING DEPARTMENT COPY

Add 5

WIRE SERVICES CENTER
One Wall Street, New York, N.Y. 10015

PAGE OF

FROM

OFFICE

MAIN L/C/012556

DEPARTMENT NAME AND EXPENSE NUMBER

L/C ISSUING #462

DATE

3/2/76

FOR
MESSAGE
TO

ARAB BANK LTD

TRIPOLI LIBANON

VIA HOMS SYRIA

TERMS STOP ADDITIONALLY AS CABLE RECEIVED ONLY

AUGUST 2 1976 WE CANNOT EFFECT PAYMENT TO YOU VALUE JULY 28

STOP IN VIEW FOREGOING PLEASE CABLE REPLY URGENTLY IF YOU

WISH TO WITHDRAW YOUR PAYMENT REQUEST FOR \$225,000.00

TO ATTN IMPORT ISSUING SECTION L/C

BEST COPY AVAILABLE

Add 6

ORIGINATING DEPT. COI

OFFICE WASH L/C 012556	DEPARTMENT NAME AND EXPENSE NUMBER L/C ISSUING 462	DATE 8/11/76
---------------------------	---	-----------------

(1) RESERVES FOR EXPENSES CURRENT CABLES
ISSUING DEPT 462

CHARGED ACCOUNT
 BILLED CUSTOMER
ACCOUNT NUMBER

We have deducted the cost of
this cable from the proceeds
of payment.

FOR MESSAGE TO
ARAB BANK LTD
TRIPOLI LEBANON
VIA HOMS SYRIA

TELEX NUMBER

cc [ATTN SAAD SHAILAH, MANAGER FOREIGN DEPT PLEASE REFER OUR
TELEX AUGUST 2 REFERRING YOURS JULY 29 CONCERNING OUR L/C
012556 FAVOR LEBANON STEEL MILL STOP PLEASE ADVISE IF YOU
HAVE DECIDED TO WITHDRAW YOUR REQUEST FOR PAYMENT UNDER
CREDIT AS WE HAVE EXTENDED CREDIT VALIDITY TO SEPTEMBER 24,
1977 STOP REPLY ATTN IMPORT ISSUING SECTION L/C GROUP]

Sent it off
S.T.

BEST COPY AVAILABLE

EXHIBIT C

21/0 DEPT
N. D. D'ANDREA
AUG 11 1976

Add 7

ORIGINATING DEPARTMENT COPY

OFFICE

NAME: L.C.012556

DEPARTMENT NAME AND EXPENSE NUMBER

L/C ISSUING DEPT

DATE

9-8-12-76

RESERVES FOR EXPENSES CURRENT
 CURRENT CABLES
 ISSUING DEPT. 462

 CHARGED ACCOUNT We have deducted the cost of
 this cable from the proceeds
 of payment. BILLED CUSTOMER

ACCOUNT NUMBER

DR
MESSAGE

ARAB BANK LTD.
 TRIPOLI LEBANON
 VIA HOMS SYRIA

TELEX NUMBER

WE REPEAT OURS YESTERDAY READING UKQUOTE ATTN SAID SWAILAH
 RANGER FOREIGN DEPT PLEASE REFER OUR TELEX AUGUST 2 REFERING
 YOURS JULY 29 CONCERNING CUR LC 012556 FAVOR LEBANON STEEL MILL
 STOP PLEASE ADVISE IF YOU~~YY~~ HAVE DECIDED TO WITHDRAW YOUR
 REQUEST FOR PAYMENT UNDER CREDIT AS WE HAVE EXTENDED CREDIT
 VALIDITY TO SEPTEMBER 24 1977, STOP REPLY~~YY~~ ATTN IMPORT
 ISUI<<ISSUING SECTION L/C GROUP UKQUOTE STOP PLEASE ADVISE
 STATUS SOONEST VIA AUTHENTICAL TELEX

BEST COPY AVAILABLE

EXHIBIT D

ON TO L/C DEPT
 V. A. D'ANDREA
 AUG 12 1976

Add 8

ORIGINATING DEPARTMENT COPY

OFFICE FATH L/C 012355	DEPARTMENT NAME AND EXPENSE NUMBER L/C ISSUING 462	DATE 8/18/76
RESERVES FOR EXPENSES CURRENT CABLES L/C ISSUING DEPT. 462		<input checked="" type="checkbox"/> CHARGED ACCOUNT <input type="checkbox"/> BILLED CUSTOMER ACCOUNT NUMBER
<input type="checkbox"/> We have deducted the cost of this cable from the proceeds of payment.		

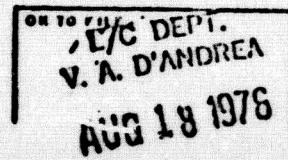
FOR ARAB BANK LTD.
MESSAGE TO TRIPOLI LEBANON
TO → VIA HOMS SYRIA

TELEX NUMBER

ATTN MR. SAAD SWAILAM REFER OUR UNIGN<<UNANSWERED TELEXES
AUGUST 2 AUGUST 11 AND AUGUST 12 RE OUR L/C 012556 FAVOR
LEBANON STEEL MILL FOR \$225,000.00 STOP INVIEW OUR EXTENSION
L/C TO SEPTEMBER 24 1977 AND REINSTATEMENT AUTOMATIC EXTENSION
CLAUSE PLEASE AUTHORIZE US BY AUTHENTICATED TELEX/CABLE
URGENTLY TO CANCEL YOUR REQUEST FOR PAYMENT CONTAINED
YOURS JULY 29 STOP REFLY ATTN IMPORT ISSUING SECTION L/C
GROUP SOONEST

BEST COPY AVAILABLE

EXHIBIT E



ORIGINATING DEPARTMENT COPY

Add 9

OFFICE MATH L/C 012556	DEPARTMENT NAME AND EXPENSE NUMBER L/C ISSUING 462	DATE 3/13/74
RESERVES FOR EXPENSES CURRENT CABLES L/C ISSUING DEPT 462		
<input type="checkbox"/> CHARGED ACCOUNT <input type="checkbox"/> We have deducted the cost of this cable from the proceeds of payment.		
<input type="checkbox"/> BILLED CUSTOMER ACCOUNT NUMBER		

X

TELEX NUMBER

FOR MESSAGE TO
ARAB BANK LTD.
AMMAN JORDAN

PLEASE CONVEY FOLLOWING MESSAGE TO RESPONSIBLE AREA NOW
 HANDLING AFFAIRS YOUR TRIPOLI LEBANON OFFICE READING QUOTE
 ATTN MR. SAAD SWAILAN PLEASE REFER TO OUR MESSAGES OF
 AUGUST 2 AUGUST 11 AND AUGUST 12 REGARDING OUR L/C 012556
 FAVOR LEBANON STEEL MILL FOR \$225,000.00 ****
 FAVOR LEBANON STEEL MILL FOR \$225,000.00 ALL AVOKAVDOVE
 TELEXES SENT TO YOU IN ACCORDANCE YOURS JULY 29 WHEREIN YOU
 REQUEST US TO CONTACT YOU VIA HONS SYRIA STOP ADDITIONALLY
 REFER OURS TODAY SENT DIRECT TO YOU VIA HONS SYRIA READING
 QUOTE ATTN MR. SAAD SWAILAN REFER OUR UNANSWERED TELEXES
 AUGUST 2 AUGUST 11 AND AUGUST 12 RE OUR L/C 012556 FAVOR
 LEBANON STEEL MILL FOR \$225,000.00 STOP INVIEW OUR EXTENSION
 L/C TO SEPTEMBER 24 1977 AND REINSTATEMENT AUTOMATIC EXTENSION
 CLAUSE PLEASE AUTHORIZE US BY AUTHENTICATED TELEX/CABLE
 URGENTLY TO CANCEL YOUR REQUEST FOR PAYMENT CONTAINED YOURS
 JULY 29 STOP REPLY ATTN IMC:PORT ISSUING SECTION L/C GROUP

1<-MORE-

BEST COPY AVAILABLE

EXHIBIT F

04 TO FILE
AUG 23 1974

Add 10

ORIGINATING DEPARTMENT COPY

FROM

WIRE SERVICES CENTER
One Wall Street, New York, N.Y. 10015

OFFICE
MAIN L/C 012556

DEPARTMENT NAME AND EXPENSE NUMBER
L/C ISSUING 162

DATE
3/13/76

OR
MESSAGE
ARAB BANK LTD.

ANTHAN JORDAN

SOONEST UNQUOTE STOP PLEASE ADVISE STATUS URGENTLY UNQUOTE

3430/00
(3-76)

ALL INFORMATION
CONTAINED
HEREIN IS UNCLASSIFIED
DATE 3/13/2013 BY SP/SP

(P)

DR

3430/00 (3-76)

Add 11

ORIGINATING DEPT. COR

XX

OFFICE MAIN L/C 012556	DEPARTMENT NAME AND EXPENSE NUMBER L/C ISSUING # 482	DATE 8/19/75
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ARAB BANK LTD.
AMMAN JORDAN
A/C FOR YOUR TRIPOLI LEBANON

<input type="checkbox"/> CHARGED ACCOUNT	<input type="checkbox"/> We have deducted the cost of this cable from the proceeds of payment.
<input type="checkbox"/> BILLED CUSTOMER	
ACCOUNT NUMBER 03314 558	

SABR
ARAB BANK LTD.
TRIPOLI LEBANON
VIA HOMS SYRIA

TELEX NUMBER

ATTN MR. SAAD SWAILI REFER OURS AUGUST 2, AUGUST 11, AUGUST
12, AND AUGUST 13 REGARDING L/C 012556 FAVOR LEBANON STEEL
HILL TRIPOLI FOR \$225,000.00 STOP HAVE RECEIVED YOUR DOCUMENTS
WHICH CONFORM TO TERMS CREDIT AND WE STAND READY TO HONOR
SAME HOWEVER INVIEW OUR EXTENSION L/C TO SEPTEMBER 24 1977
PLEASE INSTRUCT URGENTLY IF YOU WISH US TO RETURN DRAWING TO
YOU VIA TARTOUS SYRIA STOP PLEASE URGENTLY ADVISE TO ATTN
IMPORT ISSUING L/C GROUP

BEST COPY AVAILABLE

EXHIBIT G

L/C DEPT.
V. A. D'ANDREA
1975

Add 12

232241C ITNY UR

193721

RCA 19 06550

232241C ITNY UR

1230 ARAB NK JO

1230 ARAB NK JO

Lg Ant

C
A

B

FROM: ARAB BANK, GENERAL MANAGEMENT/ AMMAN

TO : IRVING TRUST COMPANY/ NEW YORK

DTE : 19TH AUG 1976

hcc (dest)
038409-122

RYT OF 18TH INSTANT SENT TO US FOR ONWARD TRANSMISSION TO OUR
TRIPOLI LEBANON BRANCH REGARDING YOUR L/C 012556 FAVOUR
LEBANON STEEL MILL FOR US DLRS 225,000.-

SINCE ALL COMMUNICATIONS WITH LEBANON ARE DISRUPTED AT PRESENT
WE SHALL TRY TO SEND SUBJECT MESSAGE TO OUR TRIPOLI LEBANON
BRANCH WITH THE FIRST PASSENGER IF AVAILABLE. WE WILL REVERT
TO THIS MATTER WHEN WE RECEIVE THEIR REPLY.

GENERAL MANAGER

1976 AUG 19 06550

946000

ITC MACH. RM.

EXHIBIT H

BEST COPY AVAILABLE

232241C ITNY UR

1230 ARAB NK JO=0

Add 13

OFFICE MAIN	012556	DEPARTMENT NAME AND EXPENSE NUMBER L/c 462	DATE 8/23/76
ARAB BANK LTD., AMMAN, JORDAN A/C YOUR TRIPOLI LEBANON		<input checked="" type="checkbox"/> CHARGED ACCOUNT <input type="checkbox"/> BILLED CUSTOMER ACCOUNT NUMBER 03-314-553	<input type="checkbox"/> We have deducted the cost of this cable from the proceeds of payment.

FOR
MESSAGE
TO →

ARAB BANK LTD.,
AMMAN, JORDAN

T LEX NUMBER

PLEASE CONVEY FOLLOWING MESSAGE TO RESPONSIBLE

10) PLEASE CONVEY FOLLOWING MESSAGE TO RESPONSIBLE AREA NOW
 HANDLING AFFAIRS YOUR TRIPOLI LEBANON OFFICE READING
 QUOTE REFER YOUR DRAWING JULY 23, 1976 \$225,000.00
 RECEIVED BY US AUGUST 18, 1976 UNDER OUR L/C 012556
 FAVOR LEBANON STEEL MILL STOP PLEASE BE ADVISED THAT
 WE HAVE BEEN ENJOINED FROM EFFECTING PAYMENT TO YOU
 UNDER A TEMPORARY RESTRAINING ORDER ISSUED BY THE
 UNITED STATES COURT OF APPEALS FOR THE SOUTHERN DISTRICT
 OF NEW YORK IN A SUIT BROUGHT AGAINST BY CANADIAN TRANSPORT
 COMPANY DIVISION OF MACKINNON SLOCEDEL (ALBERNI) LIMITED
 STOP THE RELATIVE HEARING TO DETERMINE WHETHER THIS
 RESTRAINING ORDER WILL BE EITHER DENIED OR CONVERTED TO
 A PERMANENT INJUNCTION IS SCHEDULED FOR SEPTEMBER 14, 1976
 UPON RECEIPT OF DETERMINATION OF THE UNITED STATES COURT
 WE WILL REVERT STOP PLEASE BE ADVISED THAT WE HAVE TAKEN

BEST COPY AVAILABLE

-MORE-

EXHIBIT

ON TO FILE	L/C DEPT.
	V. A. LINDNER
AUG 23 1976	

AUG 23 1976

ORIGINATING DEPARTMENT COPY

Add 14

Company • New York Bank
WIRE SERVICES CENTER
One Wall Street, New York, N.Y. 10013

PAGE 2 OF 1

FROM

OFFICE

M MAIN

012556

DEPARTMENT NAME AND EXPENSE NUMBER

L/c

462

DATE

8/23/78

FOR
MESSAGE
TO

ARAB BANK LTD.,

AMMAN, JORDAN

STEPS TO P. OPPOSE THIS INJUNCTION HOWEVER YOU MAY WISH
TO CONSIDER CONSULTING YOUR OWN COUNSEL IN NEW YORK AS
WELL AS ADVISING LEBANON STEEL MILL OF THIS MATTER
AND WHO MAY ALSO WISH TO CONSIDER RETAINING THEIR OWN
COUNSEL IN NEW YORK FOR THIS PROCEEDING STOP IN MEANTIME
PLEASE URGENTLY ADVISE IF YOU WISH US TO RETURN TO YOU
YOUR DRAWING JULY 23 FOR \$225,000.00 SINCE WE EXTENDED
VALIDITY OUR CREDIT TO SEPTEMBER 24, 1977 STOP PLEASE
URGENTLY TO ATT: IMPORT ISSUING SECTION L/C GROUP UNQUOTE

BEST COPY AVAILABLE

L/C DEPT.
V. A. D'ANDREA
AUG 23 1978

Add 15

ORIGINATING DEPT. C

104326
40978
CROSSING PORTIONS
CROSSED OUT.

FROM ARAB BANK, LTD GENERAL MANAGEMENT/ AMMAN
TO/ IRVING TRUST CO, NEW YORK

WE PASS ON TO YOU THE FOLLOWING MESSAGE FRO.. OUR TRIPOLI-LEBANON
BRANCH WHOSE TELEX IS DISRUPTED AT PRESENT.

QUOTE:

HERE IS: ARAB BANK LTD, TRIPOLI-LEBANON

TO : IRVING TRUST CO, NEW YORK

AUGUST 13, 1976

TOP URGENT

WE CONFIRM TO YOU OUR CABLE OF 28TH JULY 1976 RE YOUR L/C 012556
AND WHICH READS AS FOLLOWS:

ARAB BANK LTD

533 TESTED BY BANKARABI TRIPOLI LEBANON STOP YOUR CABLE 21JULY
TO BANKARABI AMMAN REYOUR L/C 012556 STOP AS YOU ELECTED NOT TO
EXTEND L/C PLEASE CREDIT DLRS 225000 VALUE 28TH INSTANT TO OUR
BEIRUT ACCOUNT WITH YOU STOP DRAFT FOR THIS AMOUNT ACCOMPANIED
BY SIGNED STATEMENT AS PER CREDIT TERMS IS BEING SENT TO YOU VIA
REGISTERED AIRMAIL STOP CABLE ADVISE US AT OUR ADDRESS BANKARABI
TRIPOLI LEBANON VIA HOMS SYRIA STOP
PLEASE TELEX IMMEDIATELY OUR GENERAL MANAGEMENT AMMAN:

BEST COPY AVAILABLE

1) IF DOCUMENTS RECEIVED PLEASE ADVISE WHEN AMOUNT CREDITED.

2) IF NOT RECEIVED YET PLEASE ADVISE. MEANWHILE WE ARE SENDING
DUPLICATES VIA AMMAN REGISTERED AIRMAIL.

EXHIBIT J

Add 16

NOTIFY CABLE AND TELEGRAM DEP. IMMEDIATELY
OF ANY DISCREPANCIES REGARDING PORTIONS
CROSSED OUT OR NOT CROSSED OUT.

OFFICE
MAIN L/C 012556

DEPARTMENT NAME AND EXPENSE NUMBER

L/C CORR 2460

DATE 26
6/25/76

ARAB BANK LTD
AHMAN JORDAN

A/C YOUR TRIPOLI OFFICE

CHARGED ACCOUNT

BILLED CUSTOMER

ACCOUNT NUMBER

03 314 558

We have deducted the cost of
this cable from the proceeds
of payment.

FOR MESSAGE TO → ARAB BANK LTD
AHMAN JORDAN

TELEX NUMBER

ATTENTION GENERAL MANAGEMENT REYOUR TELEX 23RD RE-
LAYERED TO US ON BEHALF YOUR TRIPOLI LEBANON OFFICE
UNDER TEST NUMBER 533/CONCERNING OUR L/C 012556
THEIR T4/75 STOP ON AUGUST 23 SENT FOLLOWING TELEX
TO YOU FOR TRANSMISSION TO YOUR TRIPOLI QUOTE PLEASE
CONVEY FOLLOWING MESSAGE TO RESPONSIBLE AREA NOW
HANDLING AFFAIRS YOUR TRIPOLI LEBANON OFFICE READING
QUOTE REFER YOUR DRAWING JULY 23 1976 \$225,000.00
RECEIVED BY US AUGUST 18 1976 UNDER OUR L/C 012556
FAVOR LEBANON STEEL MILL STOP PLEASE BE ADVISED
THAT WE HAVE BEEN ENJOINED FROM EFFECTING PAYMENT TO
YOU UNDER A TEMPORARY RESTRAINING ORDER ISSUED BY
THE UNITED STATES COURT OF APPEALS FOR THE SOUTHERN
DISTRICT OF NEW YORK IN A SUIT BROUGHT ABOUT BY
CANADIAN TRANSPORT COMPANY DIVISION OF MACKINLLAN
BLOEDEL (CALBERNI) INC
BLOEDEL (ALGERNI) LIMITED STOP THE RELATIVE HEARING

BEST COPY AVAILABLE

-MORE-

AUG 25 1976

L/C DEPT.
A. CRED

DO TO FILE

EXHIBIT K

Add 17

ORIGINATING DEPARTMENT COPY

Company - ~~WIRE SERVICES CENTER~~
WIRE SERVICES CENTER
One Wall Street, New York, N.Y. 10015

PAGE 2 OF 2

FROM

OFFICE

MAIN L/C 012556

DEPARTMENT NAME AND EXPENSE NUMBER

L/C CORR # 466

DATE 26
8/25/76

FOR
MESSAGE
NO

ARAD BANK LTD

AMMAN JORDAN

TO DETERMINE WHETHER THIS RESTRAINING ORDER WILL BE
EITHER DENIED OR CONVERTED TO A PERMANENT INJUNCTION
IS SCHEDULED FOR SEPTEMBER 14 1976 UPON RECEIPT OF
DETERMINATION OF THE UNITED STATES COURT WE WILL
REVERT STOP PLEASE BE ADVISED THAT WE HAVE TAKEN
STEPS TO OPPOSE THIS INJUNCTION HOWEVER YOU MAY WISH
TO CONSIDER CONSULTING YOUR OWN COUNSEL IN NEW YORK
AS WELL AS ADVISING LEBANON STEEL MILL OF THIS
MATTER WHO MAY ALSO WISH TO CONSIDER RETAINING THEIR
OWN COUNSEL IN NEW YORK FOR THIS PROCEEDING STOP IN
MEANTIME PLEASE URGENTLY ADVISE IF YOU WISH US TO
RETURN TO YOU YOUR DRAWING JULY 23 FOR \$225,000.00
SINCE WE EXTENDED VALIDITY OUR CREDIT TO SEPTEMBER
24, 1977 STOP PLEASE URGENTLY TO ATT: IMPORT ISSUING
SECTION L/C GROUP UNQUOTE IT APPEARS THAT THE EIGHT
TELEXES TRANSMITTED THRU YOUR HONS SYRIA BRANCH AND
YOURSELVES SINCE JULY 29 1976 HAVE NOT REACHED THEM
STOP WOULD APPRECIATE YOUR ASSISTANCE IN HAVING
ABOVE QUOTED MESSAGE DELIVERED TO YOUR TRIPOLI
BRANCH AS REPLY URGENTLY REQUIRED

3430/00
(3-76)

RECEIVED

BEST COPY AVAILABLE

JZ

Add 18

ORIGINATING DEPT

09/05/76 0427 EDT

A420263 IRV UI

1230 ARABNK JO

5/9/1976

FROM ARAB BANK, H.O., AMMAN
TO IRVING TRUST CO NYK

SUPPORT
FILE COPY OF MESSAGE REFERRED TO IS PRESENTLY
NOT IN CABLE DEPT FILES. REFER TO YOUR ACTION
COPY OR YOUR SUPERVISOR WITHOUT DELAY.

4/25 56 8/24 11.2000 11.5
4/25 56 8/24 11.2000 11.5
4/25 56 8/24 11.2000 11.5

WE REPEAT OUR TELEX OF 4.9.76 TO THE ATTENTION OF SERVICE

DESK QUOTE:

RYT DATED 2ND INSTANT REFERING TO YOUR TELEX 26TH AUGUST

CONCERNING YOUR LC 0/2556 FAVOUR LEBANON STEEL MILL.

WE ARE UNABLE TO CONTACT OUR TRIPOLI LEBANON BRANCH AND WE
ARE EXPERIENCING DIFFICULTY IN DELIVERING MESSAGES. HOWEVER
WE ARE ENDEVOURING TO SEND SUBJECT MESSAGE TO OUR TRIPOLI
LEBANON BRANCH WITH THE FIRST PASSENGER REGARDS.

UNQUOTE.

GENERAL MANAGEMENT

BEST COPY AVAILABLE

A420263 IRV UI

WELL RCVD PLS?

1230 ARABNK JO.....

EXHIBIT L

Add 19

BEST COPY AVAILABLE

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2322410 ITNY UK
RCA 07 07520
2322410 ITNY UK
1230 ARABNK JO

7/9/1976

E
FROM ARAB BANK, A.M.A. AMMAN
TO IRVING TRUST CO. NEW YORK

RE PASS ON TO YOU THE FOLLOWING MESSAGE FROM OUR TRIPOLI LEBANON
BRANCH WHOSE TELEX IS DISRUPTED AT PRESENT.

QUOTE:

HERE IS: ARAB BANK LTD TRIPOLI, LEBANON
TO : IRVING TRUST CO. NEW YORK

AUGUST 26TH, 1976

TOP URGENT.

WE CONFIRM TO YOU OUR CABLE OF 25TH AUGUST 1976 REYOUR L/C
012556 AND WHICH READS AS FOLLOWS:

602 TESTED BY BANKAKABI TRIPOLI LEBANON 25TH AUGUST STOP
YOUR CABLE 12TH INSTANT REYOUR L/C 012556 FAVOUR LEBANON STEEL
MILL CO FOR DLRS 225000 STOP WE ALREADY PAID BENEFICIARIES
AMOUNT AS PER YOUR CABLE 21ST JULY 1976 ELECTING NOT TO EXTEND
L/C STOP BENEFICIARIES REFUSED YOUR PROPOSAL FOR NEW EXTENSION
AND ARE INSISTING ON THEIR DECISION IN THIS RESPECT STOP PLEASE
CREDIT SAME AMOUNT VALUE 26TH JULY 1976 TO OUR BEIRUT BRANCH
ACCOUNT WITH YOUR COODSELVES IN OUR FAVOUR UNDER TESTED CABLE
ADVICE TO US AND SAME TELEX ADVICE TO OUR GENERAL MANAGEMENT
AMMAN STOP

UNQUOTE

2322410 ITNY UK
1230 ARABNK JO.....3

EXHIBIT H

Add 20

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ARAB BANK LIMITED

TRIPOLI - LEBANON

LIST OF BANKS No. 8 R. C. 329 - BEIRUT

990-C 76

012556

P.O. BOX: 379
CABLE ADDRESS: BANKARAD
TELEPHONE: 620120-21
628063-64
624122

TRIPOLI, LEBANON JULY 28.76

IRVING TRUST COMPANY
ONE WALL STREET
NEW YORK N.Y. 10015

BEST COPY AVAILABLE

REF: Your L/C NO. 012556
Our ref. NO. T4/75
Accreditors: SAINT IOANNIS SHIPPING LTD
MONROVIA,
Beneficiaries: LEBANON STEEL MILL CO,
TRIPOLI, LEBANON.

Dear Sirs;

We are in receipt of our General Management, Amman,
copy of letter addressed to you NO. 3540/14/17/2 dated 25.7.76,
and enclosed therein your cable of JULY 21, regarding your
above mentioned L/C.

As per credit terms ; please find enclosed a draft
drawn on you by beneficiaries for US\$225000.00 and accompanied
by their signed statement as requested in your aforesaid L/C.

Please credit amount of this draft value 28.7.76 ,
to our Beirut Branch account maintained with your goodselves,
under cable advice to us at our address:

ARAB BANK LIMITED
P.O.BOX NO. 97
TARTOUS, SYRIA.

We thank you for a prompt answer.

Yours faithfully
ARAB BANK LIMITED
TRIPOLI, LEBANON

ENCL: DRAFT FOR US\$225000.00
accompanying by a statement.

MDR/la

EXHIBIT N

C.C. GENERAL MANAGEMENT

Add. 21

IRVING TRUST COMPANY
NEW YORK

TRIPOLI, LEBANON 28.7.1976

Pay against this Cheque to the order of the ARAB BANK LIMITED

the sum of US DOLLARS TWO HUNDRED TWENTY FIVE

THOUSAND ONLY.

U.S.	DOLLARS
\$	225000.00

THIS AMOUNT IS NEGOTIATED UNDER YOUR L/C NO. 012556 AND AS PER
CREDIT TERMS.

SIGNED STATEMENT IS HEREBY ENCLOSED.

G. J. Guedes
Lebanon Steel Mill Co. S.A.L.
President

Form No 111-25/2/69

BEST COPY AVAILABLE

Add 22

BEST COPY AVAILABLE

Pay to the order of
SINGAPORE COMPANY

ARAB BANK LTD.

M. M. Al-Saadi

Ad 2 ppv

No. 46

STATEMENT

We certify that the settlement of the damages incurred has not been arrived at and this liability is still due to us. The proceeds of this draft will be retained and used by us to meet any payments which we may be required to make.

In the event our liability is satisfied, we will refund to you the amount of this drawing less any amounts paid.

28 JUL 1975

G. J. Hanley
Lebanon Steel Mill Co., S.A.
President

BEST COPY AVAILABLE

A COPY CONTRACT COPY FOR

VANCOUVER, B.C.

INTERNATIONAL DEPARTMENT

640 WEST HASTINGS STREET
VANCOUVER, CANADA
V6B 1P3

RECD IN

BEST COPY AVAILABLE



CANADIAN IMPERIAL

International Bank of Commerce, B.C.
Sept. 26, 1975

6/7 - 2 1975

CASH MNT.

Irving Trust Company
One Wall Street
New York, New York
U.S.A.

IN CONFIRMATION OF OUR TELEX DATED SEPT. 25/75

Attention: Import Issuing Centre - Mr. Don Conzo

Dear Sirs:

On behalf of, and for account of MacMillan Bloedel Ltd. parent company of Canadian Transport Company, Limited we hereby issue in your favour for the account of Saint Ioannis Shipping Ltd., Monrovia c/o Mariners Shipping Agency S.A., 53-55 Akti Miaouli Piraeus, Greece, our Irrevocable Letter of Credit No. 9600/IMP/1510 for a sum or sums not exceeding in the aggregate U.S.\$225,000.00 (Two Hundred and Twenty-five Thousand 00/100 United States Dollars).

Payment under this credit will be effected by us to you subject to the following conditions:

1. Presentation to us of your signed and endorsed sight drafts drawn on the above office of this Bank making reference to the number and date of this credit and accompanied by:
2. Your signed statement reading as follows "The amount of our drawing represents the amount we have been called upon to pay to ARAB BANK LIMITED, Tripoli, Lebanon under our Letter of Credit No. 012556."
3. It is a condition of this credit that it shall automatically be extended for additional periods of one year from the present or any future expiration date hereof unless we inform you via authenticated telex/cable or registered letter dispatched by us at least 60 days prior to the present or any future expiration date that we elect not to extend it.

Drafts must clearly specify the number of this credit and be presented at this office not later than September 24, 1976.

This credit is subject to the Uniform Customs and Practice for documentary credits (1962 revision), International Chamber of Commerce Brochure No. 222.

We engage with you that drafts drawn under and in compliance with the terms of this credit will be duly honoured; it being understood that the Bank is obligated under this credit to the payment of monies only and that payment is limited to an aggregate total of U.S.\$225,000.00 (Two Hundred and Twenty-five Thousand 00/100 United States Dollars).

This undertaking is irrevocable on the part of the Canadian Imperial Bank of Commerce and will expire in Vancouver, British Columbia, Canada on September 24, 1976.

FOR CANADIAN IMPERIAL BANK OF COMMERCE

Authorized Signature

Countersigned

(Ex. B, Nourse Affidavit, 8/20/76) (Add. 25)



CANADIAN IMPERIAL
BANK OF COMMERCE
Vancouver, B.C.
Oct. 3, 1975

Irving Trust Company
One Wall Street
New York, New York
U.S.A.

ATTENTION: Mr. D'Andrea
Letter of Credit Department

Dear Sirs:

We advise that our Irrevocable Letter of Credit No. 9600/IMP/1510 established September 26, 1975 in your favour for the account of Saint Ioannis Shipping Ltd., Monrovia c/o Marinors Shipping Agency S.A., 53-55 Akti Liaculi Piraeus, Greece for U.S.\$225,000.00 is hereby amended as follows:-

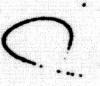
Credit to be reimbursable by cable or negotiated by you at the counters of our New York Office.

All other terms and conditions remain unchanged.

Kindly attach this amendment to the relative Letter of Credit.

FOR CANADIAN IMPERIAL BANK OF COMMERCE


Authorized Signature


Countersigned

BEST COPY AVAILABLE

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

----- x
:
CANADIAN TRANSPORT COMPANY, a division
of MacMILLAN BLOEDEL (ALBERNI) LIMITED, :

Plaintiff-Appellant : AFFIDAVIT OF SERVICE
v. : 76/7401
IRVING TRUST COMPANY, :
Defendant-Appellee. :

----- x
STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

Dennis E. Sheehan, being duly sworn, deposes and says
that deponent is not a party to this proceeding, is over 18
years of age, and employed by Winthrop, Stimson, Putnam &
Roberts, attorneys for defendant-appellee. That on the 22nd
day of October, 1976, deponent served the within Brief of
defendant-appellee upon Kirlin Campbell & Keating by
personally delivering and leaving two copies with them at
their offices at 120 Broadway, New York, New York.

Dennis E. Sheehan
Dennis E. Sheehan

Sworn to before me this

22nd day of October, 1976.

James C. McMahon
Notary Public

JAMES C. McMAHON, JR.
Notary Public, State of New York
No. 31-4509064
Qualified in New York County
Commission Expires March 30, 1977